

28 July 2014

HICL Infrastructure Company Limited

Interim Management Statement

HICL Infrastructure Company Limited ('HICL' or the 'Company'), the listed infrastructure investment company, is issuing this Interim Management Statement ('IMS') in accordance with FCA Disclosure and Transparency Rule 4.3. This statement relates to the period from 1 April 2014 to 25 July 2014. References to the Group below refer to the Company and its wholly-owned corporate subsidiaries.

Graham Picken, Chairman of HICL Infrastructure Company Limited, said:

"The Company's performance continues to meet the Board's expectations, driven by a quality portfolio and active asset management by the Investment Adviser's experienced team. The Board remains confident that the target dividend per share of 7.25p for this financial year is achievable.

The UK market for the type of assets sought by the Company remains competitive with prices continuing to rise, as the results of recent competitive auctions have evidenced. Whilst the success of last month's tap issue demonstrates ongoing investor appetite for share issuance by the Company, the Board and Investment Adviser are maintaining pricing discipline. Each new investment must have a robust investment rationale and although this discipline may moderate the rate of growth when acquiring new assets it will nevertheless safeguard the returns from the portfolio.

The Board is positive about the prospects for the Company, both in terms of portfolio performance and with regard to the ability of the Investment Adviser to add further value through asset management and securing value-accretive acquisitions."

Investment Activity and Portfolio Performance

- ▲ Since 1 April 2014, the Group has invested or committed an aggregate £58.6m in three new investments and in the acquisition of an incremental stake in an existing project.
- ▲ The largest investment in the period was the acquisition of a 5.85% stake in the AquaSure PPP project in Melbourne for £47m which represents the Group's first investment in Australia. The project is the largest desalination plant in the Southern Hemisphere and is structured as a PPP contract with availability payments from the State of Victoria.
- ▲ The portfolio continues to perform well with no material operational issues. Cash generation is expected to be ahead of the Company's forecasts for the six months to 30 September 2014.

The Company

- ▲ The Company has successfully registered as a self-managed Alternative Investment Fund in accordance with the EU's Alternative Investment Fund Managers Directive and the Board has formed a Risk Committee, the terms of reference for which are on the Company's website.
- ▲ On 1 June 2014, Frank Nelson was appointed as a non-executive director of the Company. He is a UK resident and a qualified accountant. He has over 25 years of experience in the construction, contracting, infrastructure and energy sectors, and was Finance Director of construction and house-building group Galliford Try Plc from 2000 until October 2012.

Dividends and Financing

- ▲ The take-up of the scrip dividend in relation to the second interim dividend of 3.6p per share for the year to 31 March 2014 was 8.3%, resulting in an additional 2.6m ordinary shares being issued on 30 June 2014.
- ▲ The Company is moving to quarterly dividends with the first quarterly interim dividend of 1.81p per share declared on 23 July 2014. This is in line with the Board's previous guidance of 7.25p per share for the financial year ending 31 March 2015.
- ▲ Following receipt of shareholder approval at the AGM on 22 July 2014, a scrip dividend alternative will operate for the four quarterly interim dividends for the financial year ending 31 March 2015, full details of which are set out in the 'Scrip Dividend Circular 2014-15' on the Company's website at <http://hicl.com/investor-relations/publications> under Circulars.
- ▲ On 18 June 2014 the Company raised gross proceeds of £50.7m through an oversubscribed tap issue of 37m ordinary shares at a price of 137.0p, a premium to current NAV per share. The issue fully satisfied the Group's net funding requirement.
- ▲ Following a renewal of shareholder approval at the AGM of the Board's authority to issue up to 10% of outstanding shares on a non pre-emptive basis during the next 12 months, the Company's tap capacity is currently 70m shares.

Outlook

- ▲ The Investment Adviser's infrastructure team is active in social and transportation infrastructure across the UK, Europe, Australia and Canada and is confident of sourcing new investments which meet the Group's investment policy and strategy and which have similar risk reward dynamics to the existing investment portfolio.
- ▲ That said, market appetite in the UK for the type of secondary infrastructure projects, in which the Company invests, remains strong with demand outstripping supply, resulting in higher asset prices.
- ▲ The Company will not compromise its investment standards by acquiring projects with, in the Investment Adviser's view, inadequately structured contractual arrangements or by making overly-optimistic assumptions with regard to key revenue and cost variables which can inflate valuations but are unlikely to be fulfilled over the long term.
- ▲ The next valuation of the Group's portfolio will be as at 30 September 2014, and will be published with the Company's interim results in November. The key variables expected to impact this valuation include further upward pressure on prices seen in the market, and recognition of the reduction of UK corporation tax rate of 20% from April 2015. Although foreign asset values and net cashflows will be impacted by the recent strength of UK Sterling, the Company's hedging policy will largely mitigate any adverse consequences for cashflow or the balance sheet.
- ▲ The Company's NAV as at 30 September will reflect changes in the value of the portfolio and the accretive tap issuance in July.

Ends

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HICL Infrastructure Company Limited

The Company is a long term investor in infrastructure projects which are predominantly in their operating phase and yielding steady returns. It was the first infrastructure investment company to be listed on the London Stock Exchange. It currently owns a portfolio of 96 infrastructure investments (93 as at 31 March 2014), all of which are social or transportation infrastructure concessions with predominantly availability-based income streams, and is seeking further suitable investment opportunities which fit its stated Investment Strategy. The investments are mainly located in the UK (89% by value), with one in Australia, two in Canada, two in France, one in Holland and three in Ireland. There are currently five investments in their construction phase representing 7% of the portfolio by value. The largest of these, Allenby and Connaught MoD Accommodation project (5% by value), will complete the majority of its construction programme this summer.

Further details of the Company can be found on its website www.hicl.com.

This IMS provides an explanation of material events and transactions that have taken place during the period from 1 April 2014 to 25 July 2014 and their impact on the financial position of the Investment group. These indications reflect the Investment Adviser's and the Board's current views. They are subject to a number of risks and uncertainties and could change. Factors which could cause or contribute to such differences include, but are not limited to, general economic and market conditions and specific factors affecting the financial prospects or performance of individual investments owned by the Group.

Investment Adviser

The Investment Adviser to the Company is InfraRed Capital Partners Limited ("InfraRed"), whose infrastructure investment team has successfully invested in over 160 infrastructure projects since 1997. InfraRed manages specialised funds and co-investment capital on behalf of a broad range of investors from around the world, creating value through investing in infrastructure and real estate projects. The head office is in London, with offices in Hong Kong, New York, Paris and Sydney. InfraRed Capital Partners Limited is authorised and regulated by the Financial Conduct Authority.

Further details of the Investment Adviser can be found on its website www.ircp.com.